## REMARKS

In view of the above amendments and the following remarks, the applicant respectfully requests reconsideration and further examination of the instant application.

**Claim Rejections - 35 U.S.C. 103(a)**

Claims 1-5, 7-11, 14-18, 20-21 and 23 stand rejected under 35 U.S.C. 103(a) as being unpatentable over Kanter (U.S. Patent No. 5,537,314). For the reasons set forth below, the applicant respectfully disagrees.

Briefly, the claimed invention, as exemplified by Claim 1, covers transferring ownership of an asset over a network by issuing redeemable tokens that have defined redemption values. The redeemable tokens are associated with one or more participants. According to the claimed invention, at least one of the redeemable token is probabilistically selected upon or after the redemption value of the issued redeemable tokens reaches a predefined cumulative value. The ownership right in the asset is then transferred to a participant who is associated with the selected redeemable token.

Kanter discloses a system that allows participants to earn incentive awards if they satisfy minimum performance criterion, for example, after making sales or purchases. Under Kanter's program, cards (or accounts) associated with participants accumulate redeemable points by meeting defined performance criterion. The participants can then use the accumulated points to participate in such award programs as price discount or direct deposit into the participants' bank account, etc. Also, the participants can be awarded with the chance to participate in a raffle. Raffle entries are registered to corresponding participants when they meet a certain purchase or sale criteria. It should be noted that unlike the present

invention, Kanter's raffle selects an entry associated with a participant, but it does not select any of the redeemable points of the participant.

The Action incorrectly applies Kanter against the invention by equating the raffle entry in Kanter with the claimed requirement for "redeemable token." The Action cites Col. 4, lines 39-67; and Col.16, lines 4-35, which describes points convertible to dollar amounts issued under the award program being used for purchase of merchandise, to earn paid trips, etc. As such, Kanter does not teach or suggest probabilistically selecting any of the redeemable points in the participants' accounts when such points reach a cumulative redemption value, as required by the claimed invention. Kanter discloses redeeming the points at "either the culmination of the [award] program or a set period within the [award] program...," when "the points are converted to a direct cash payment." The points however are not subject to any type of probabilistic selection in Kanter.

The Action cites Kanter, Col. 16, lines 38-56 and col. 20, lines 19-41, for teaching probabilistic selection of a redeemable token, which is summarily characterized as "entry" without any reason as to the basis of the relationship between the redeemable points and raffle entries of Kanter. According to Kanter, participants use their cards (accounts) for realizing "multi-level credit and/or awards at multiple sponsoring companies, where such companies can independently designate credit and/or award structures and issue such to participants....by placing entries into raffles on behalf of the participants." (Emphasis added). There is however no discernable relationship in Kanter that selecting a raffle entry results in selection of a redeemable point associated with a participant. For example, in Kanter, each sale made by a participant can register that participant into a sweepstakes drawing or other similar raffle.

Alternatively, the entry into the drawing may be based upon a participant making a minimum

purchase (See, Col. 20, lns 19-24.) As such, each entry in Kanter is associated with a

participant who meets a defined criteria, e.g., selling or purchasing merchandize. Because

each participant in Kanter is associated with an entry, the probabilistic selection of the entry

via the disclosed raffle in Kanter selects a participant, but not a redeemable point/token issued

to the participant, as required by the claimed invention. In other words, its is the participant

that "enters" the raffle in Kanter, not any of the redeemable points.

In fact, the main point of the invention is that the participants can control their

chances for owning the asset in the probabilistic selection process by purchasing more or less

redeemable tokens. The more redeemable tokens a participant is issued the more the chances

of one of his or her redeemable tokens being probabilistically selected upon or after the

cumulative redemption vale is reached, and vice versa. For a $1000 asset, the participant who

is issued 900 redeemable tokens of $1 value has a better chance of having one of his or her

tokens selected than the one who is issued 100 redeemable tokens.

Without articulating any basis, however, the Action summarily characterizes the

"entry" as "redeemable token," when there is no teaching or suggestion in Kanter regarding

the redeemablity of the "entry." It is respectfully submitted that there is no teaching or

suggestion in Kanter for selection of a redeemable point issued to a participant. Kanter

probabilistically selects a participants, but not any of the redeemable points of the participant.

Moreover, regarding Claim 1, the Action concedes that Kanter fails to teach

probabilistically selecting at least one redeemable token <u>upon or after redemption value of the</u>

<u>issued redeemable tokens reaches a predefined cumulative value</u>. The Action argues that

Kanter discloses converting the points into direct cash payment at some culmination point in the program, e.g., a set period. Based on this premise, the Action concludes that the culmination of Kanter's program as a raffle could be other criteria such as cumulative redemption value of the points. As stated above, the culmination point for the raffle disclosed in the Kanter results in selection of a non-redeemable entry associated with a participant, that is, the raffle selects one of the participants not a redeemable point. Thus, selection of an entry associated with a participant that has no measure of redeemablity has no applicability to selecting a redeemable token based on a cumulative redemption value. This is because the non-redeemable raffle entry of Kanter can not reach a cumulative redemption value. The raffle entry in Kanter is simply associated with a participant and not to the redeemable points of the participant, which is not subject to any type of probabilistic selection.

Also, it appears that the Action has invoked improper hindsight by using the claimed invention as a model for making its obviousness arguments. In order to justify modifying Kanter's teaching, the Action finds motivation in that a raffle can <u>only</u> operate without a financial loss. This argument is misplaced because there are many charitable raffles that operate with financial losses by transferring ownership of valuable assets without consideration of the cumulative value of the sold raffles.

Regardless, Kanter does not teach each and every one of the claimed limitations of the present invention, namely, <u>probabilistically selecting at least one redeemable token upon or after redemption value of the issued redeemable tokens reaches a predefined cumulative value.</u> In contrast, Kanter teaches probabilistically selecting an entry associated with

participants, which is not a redeemable token. As such, the selection can not occur

probabilistically upon or after redemption value of the issued redeemable tokens reaches a
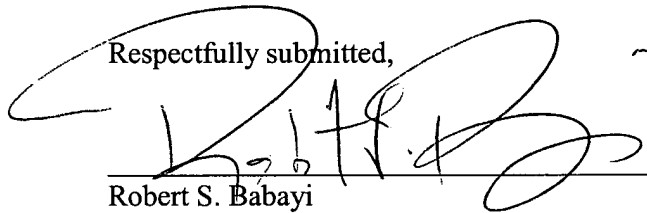
predefined cumulative value.

In view of the above remarks, the applicant submits that Claims 1-23 meet all

patentability requirements. If, for any reasons, further communication would expedite

prosecution of this application, the Examiner is invited to telephone the undersigned at the

number provided.

Applicant believes there are no additional fees associated with this reply other than those

indicated. However, if this is incorrect, the Commissioner is authorized to charge any fees which

may be required for this paper to Deposit Account No. 22-0261

Respectfully submitted,

Date: 10/3/06

Robert S. Babayi
Registration No. 33,471
VENABLE
P.O. Box 34385
Washington, D.C. 20043-9998
Telephone: (202) 344-4800
Telefax   : (202) 344-8300

RSB/vgp